

The Louisiana Forestry Association

Alexandria, Louisiana

Financial Statements

December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/14/11

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June 30, 2011

Independent Auditors' Report

Board of Directors
The Louisiana Forestry Association
Alexandria, Louisiana

We have audited the accompanying statement of financial position of The Louisiana Forestry Association (a nonprofit organization) as of December 31, 2010, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Louisiana Forestry Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Louisiana Forestry Association's 2009 financial statements and, in our report dated March 1, 2010 we expressed an unqualified opinion on those financial statements.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Louisiana Forestry Association as of December 31, 2010, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary data schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.


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The Louisiana Forestry Association
Statement of Financial Position
December 31, 2010

Assets

	<u>2010</u>	2009 Summarized <u>Total</u>
Current Assets		
Cash and cash equivalents	\$ 232,323	\$ 242,926
Certificates of deposit	285,869	310,153
Accounts receivable - advertising	9,138	7,656
Accounts receivable - other	22,695	48,870
Prepaid expenses	<u>2,683</u>	<u>1,384</u>
Total Current Assets	552,708	610,989
 Property and Equipment, net	 188,161	 212,802
Other Assets		
Cash surrender value	180,605	152,283
Marketable securities	<u>115,178</u>	<u>99,732</u>
Total Other Assets	<u>295,783</u>	<u>252,015</u>
 Total Assets	 <u>\$ 1,036,652</u>	 <u>\$ 1,075,806</u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 12,441	\$ 8,164
Accrued payroll taxes	1,856	1,678
Compensated absences	5,171	-
Payable to Children's Miracle Network	4,775	2,295
Deferred revenues	<u>120,290</u>	<u>146,725</u>
Total Current Liabilities	144,533	158,862
 Net Assets		
Unrestricted	890,560	891,701
Temporarily restricted	<u>1,559</u>	<u>25,243</u>
Total Net Assets	<u>892,119</u>	<u>916,944</u>
 Total Liabilities and Net Assets	 <u>\$ 1,036,652</u>	 <u>\$ 1,075,806</u>

The accompanying notes are an integral
part of the financial statements.

The Louisiana Forestry Association
Statement of Activities
For the Year Ended December 31, 2010

	<u>2010</u>		2009
	Unrestricted	Temporarily Restricted	Summarized Total
Revenues and Support			
Membership dues	\$ 383,025	\$ -	\$ 383,025
Annual meeting	136,194	-	136,194
Programs	5,019	108,149	113,168
Programs - donated services	-	36,523	36,523
Tree farm	21,956	5,000	26,956
Public information	-	5,421	5,421
<i>Forests & People</i> magazine	47,581	-	47,581
Legislative	-	6,750	6,750
Investment income	31,010	-	31,010
Other revenue	14,053	8,699	22,752
Sustained Forestry Initiative	110,072	-	110,072
Logging Council	44,902	-	44,902
Total Revenue and Support	793,812	170,542	964,354
Net Assets Released from Restrictions	194,226	(194,226)	
Expenses			
Program Services			
Annual meeting	161,218	-	161,218
Programs	207,482	-	207,482
Tree farm	56,678	-	56,678
Public information	48,209	-	48,209
<i>Forests & People</i> magazine	38,950	-	38,950
Legislative	43,904	-	43,904
Sustained forestry initiative	133,029	-	133,029
Logging council	53,340	-	53,340
Total Program Services	792,810	-	792,810
Management, general and membership	196,369	-	196,369
Total Expenses	989,179	-	989,179
Changes in Net Assets	(1,141)	(23,684)	(24,825)
Net Assets, Beginning of Year	891,701	25,243	916,944
Net Assets, End of Year	\$ 890,560	\$ 1,559	\$ 916,944

The accompanying notes are an integral part of the financial statements.

The Louisiana Forestry Association
Statement of Cash Flows
For the Year Ended December 31, 2010

	<u>2010</u>	2009 <u>Summarized Total</u>
Cash flows from operating activities		
Change in net assets	\$ (24,825)	\$ 46,767
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	24,640	25,090
Net unrealized (gain) on investments	(27,099)	(54,218)
(Increase) decrease in accounts receivable - advertising	(1,482)	243
(Increase) decrease in accounts receivable - other	26,175	(10,642)
(Increase) decrease in prepaid expenses	(1,299)	5,396
Increase (decrease) in accounts payable	4,277	(13,369)
Increase (decrease) in accrued payroll taxes	178	(303)
Increase in compensated absences	5,171	-
Increase (decrease) in payable to Children's Miracle Network	2,480	(360)
Increase (decrease) in deferred revenue	<u>(26,435)</u>	<u>15,688</u>
Net cash provided (used) by operating activities	(18,219)	14,292
Cash flows from investing activities		
Purchase of plant and equipment	-	(3,853)
(Purchase) redemption of certificates of deposit	24,284	(13,950)
Purchase of investments	<u>(16,668)</u>	<u>(17,098)</u>
Net cash used in investing activities	<u>7,616</u>	<u>(34,901)</u>
Net decrease in cash and cash equivalents	(10,603)	(20,609)
Cash and cash equivalents at beginning of year	<u>242,926</u>	<u>263,535</u>
Cash and cash equivalents at end of year	<u>\$ 232,323</u>	<u>\$ 242,926</u>
Supplemental disclosure of cash paid during the year:		
Interest	\$ -	\$ -
Income Tax	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral
part of the financial statements.

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2010

Note 1 - Summary of Significant Accounting Policies

Organization

The Louisiana Forestry Association (the Association) is a nonprofit organization. Its purpose is to advance the cause of forestry and the wood products industry in Louisiana. One of the Association's major programs is the implementation of Louisiana's Sustainable Forestry Initiative developed to meet the needs of the present forestry industry without compromising the future of the industry. The Association is a 501(c)(6) nonprofit organization.

Financial Statement Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Revenue and Expense Recognition

Program service fees and unrestricted revenues are recorded when earned and expenses are recorded when incurred. Unrestricted contributions and contributions restricted by donor for particular operating purposes are deemed to be earned and reported as support when received. Grant revenues are reported as support when awarded in the case of non-reimbursable grants. For reimbursable grants, revenues are reported as support when the terms of the grant have been met.

Dues are assessed on a calendar year basis. Dues received for future years are reported as deferred revenues. Revenues of *Forests & People* magazine are from non-member subscriptions and advertising. Advertising revenues are recorded when earned. Members automatically receive a magazine subscription but none of the membership dues are allocated to magazine revenues for financial statement purposes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Depreciation

Property, equipment, major replacements and repairs are capitalized at cost. Repairs, maintenance and minor replacements are charged to operations as incurred. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Contributed assets are recorded at fair value.

Accounts Receivable

Based on past experience, the management of the Association considers all accounts receivable as collectible; therefore, no allowance for doubtful accounts has been established. Receivables are considered past due after thirty days. Infrequently, a receivable does become uncollectible and it is written off at that time. Accounts receivable are recorded net of any applicable discounts.

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2010

Note 1 - Summary of Significant Accounting Policies, continued

Fair Value Measurements

Accounting for Fair Value Measurements (FASB ASC 820-10-50-1) requires disclosures for financial assets and liabilities that are re-measured at fair value at least annually. FASB ASC 820-10-50-1 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. All investments are valued using quoted market prices (referred to as Level 1).

Cash and Cash Equivalents

The Association considers all highly liquid investments available for current use with an initial maturity of less than three months to be cash equivalents.

Investments

The Association currently has two types of investments; Certificates of deposit and marketable securities. The certificates of deposit are held at various banks, with an initial maturity of three to twelve months. Unrealized gains and losses in marketable securities are included in the change in net assets. The cost basis of marketable securities is reflected in Note 11. The policy set by the board of directors is to invest all money received for lifetime members into marketable securities.

Note 2 - Property and Equipment

<u>Description</u>	<u>Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land		\$11,720	\$ -	\$ 11,720
Building	40 yrs	41,717	41,717	-
Building improvements	10-39 yrs	181,389	48,227	133,162
Furniture and equipment	5-10 yrs	92,088	60,214	31,874
Automobiles	5 yrs	30,413	19,008	11,405
Total		<u>\$357,327</u>	<u>\$169,166</u>	<u>\$188,161</u>

Depreciation expense for the year was \$24,640.

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2010

Note 3 - Deferred Revenues

This amount represents membership dues and other revenues collected in advance for calendar year 2011. The total deferral will be taken into income in 2011.

<u>Type of Revenue</u>	<u>Amount</u>
Membership dues	\$96,777
Other	1,537
Sustained Forestry Initiative	6,476
Logging Council dues	<u>15,500</u>
Total Deferred Revenues	<u>\$120,290</u>

Note 4 - Cash and Cash Equivalents

The cash and cash equivalents as of December 31, 2010 are as follows:

<u>Issuer and Type of Account</u>	<u>Amount</u>	<u>Interest Rate</u>
Cash on Hand	\$ 100	
Red River Bank – Checking – Logging Council	110,265	
Red River Bank – Checking – Operating	200	
Red River Bank – Sweep – Operating	94,619	Earnings Subject to Market
Wells Fargo – Money Market	<u>27,139</u>	Earnings Subject to Market
Total Cash	<u>\$232,323</u>	

Cash and cash equivalent balances include monies designated to specific programs controlled by committees established by the Board of Directors. The Board of Directors voluntarily set aside funds for future equipment replacement and any monies earned by Sustained Forestry Initiative (SFI), Project Learning Tree (PLT), and the Logging Council. As of December 31, 2010 the board designated funds for equipment replacement is \$14,685, SFI is \$40,333, PLT is \$34,710 and Logging Council is \$125,505. The PLT amount includes the temporarily restricted amount of \$1,559 and the remaining funds are part of unrestricted net assets.

Note 5 - Contributed Services

Substantial numbers of unpaid volunteers have made significant contributions of their time to the Association. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2010

Note 5 – Contributed Services, continued

In connection with Project Learning Tree and Wildland Urban Interface Project, the Louisiana Department of Agriculture and Forestry provided in kind services valued at \$36,523. This is reflected in the statement of activities as donated services. The corresponding expenses are reflected in the statement of activities as program services.

Note 6 - Related Party

The Association and the Louisiana Forestry Foundation have many of the same Board Members. Both organizations are involved in the Forestry Industry. In addition, the Association and the Southern Forest Heritage Museum and Research Center share several Board Members and the Association was instrumental in establishing the Museum. The Association continues to provide administrative support to both the Museum and the Foundation.

Note 7 - Pension Plan

The Association has adopted a simplified employee pension plan (profit-sharing) for all employees with more than one year of service. The Association is under no obligation to make annual contributions to the plan. In 2010, the Association made voluntary contributions of \$31,944 to the plan, which is included in fringe benefit expense.

Note 8 - Deferred Compensation Program

The Association has adopted an Executive Retention Program in which the Executive Director participates. At the discretion of the Board of Directors, the Association may make a contribution on behalf of the employee. In 2010, the Association made a \$12,000 contribution to a life insurance policy for the Executive Director. The Louisiana Forestry Association is the beneficiary. It is the intention of the Board of Directors that the cash value of this policy be transferred to the Executive Director in the event of his retirement or the proceeds to his spouse in the event of his death. The yearly contribution is included in the cash surrender value of this policy which is \$180,605 and is reflected in other assets. In 2010, the cash surrender value increased by \$16,322, excluding the \$12,000 payment. This is recorded as an unrealized gain on investments.

Note 9 - Restricted Net Assets

Temporarily restricted net assets consist of \$1,559 of donor restricted contributions for Teachers Tour. As of December 31, 2010 the Association has no permanently restricted net assets.

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2010

Note 10 - Concentration of Risk

Financial instruments that potentially subject the Association to credit risk include investments in money market and mutual funds. Future changes in economic conditions may make the investments less valuable.

The Association maintains its cash and cash equivalents and certificates of deposit in several local banks. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash and cash equivalents and certificates of deposit balances at December 31, 2010 did not exceed FDIC insurance.

The Association's primary source of income is from the forestry, timber and logging industries. It is dependent on sustained activity in these industries. In 2010, twenty-one member companies made up 45.1% of total dues revenues.

Note 11 - Investments

Certificates of Deposit

The Certificates of Deposit held by the Association at December 31, 2010 are as follows:

<u>Issuer</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Union Bank	\$ 40,221	2.00%	06/10/2011
Union Bank	56,733	1.00%	12/09/2011
Chase	55,699	.20%	08/14/2011
Sabine State Bank	15,240	1.70%	01/22/2011
Capital One Bank	49,964	.70%	05/22/2011
Capital One Bank	<u>68,012</u>	.80%	09/15/2011

Total Certificates of Deposit \$285,869

Marketable Securities

Investments held by the Association at December 31, 2010 are as follows:

<u>Mutual Funds</u>	<u>Cost</u>	<u>Market Value</u>
JP Morgan Portfolio Holdings	\$ 70,561	\$ 71,992
Legg Mason Value Trust Fund	28,307	17,683
Vanguard 500 Index Fund	<u>26,418</u>	<u>25,503</u>
Totals	<u>\$125,286</u>	<u>\$115,178</u>

The Louisiana Forestry Association
Notes to Financial Statements
December 31, 2010

Note 11– Investments, continued

JPMorgan Portfolio Holdings, Legg Mason Value Trust Fund and Vanguard 500 Index Fund are recorded at market value which increased \$10,777 in 2010 excluding purchases and the reinvested dividends. This is recorded as unrealized gain on investments.

Total portfolio income for 2010 consists of the following:

Interest income	\$ 2,241
Dividend distributions from mutual funds	1,670
Unrealized gain on investments	10,777
Unrealized gain on cash surrender value	<u>16,322</u>

Presented in the Statement of Activities as:

Investment income	<u>\$31,010</u>
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Note 12 - Subsequent Events

The Louisiana Forestry Associations has no material subsequent events that would require disclosure. Subsequent events have been evaluated through June 30, 2011, the date the statements were available for issuance.

Note 13 – Provision for Income Taxes

The Association does not incur federal or state income taxes, except for any unrelated business income which would occur as a result of *Forests & People* magazine operations. For 2010, a small tax loss was incurred on the magazine. The Association does incur a proxy tax on any qualifying Section 162(e) lobbying expenses.

Uncertain tax positions – The Association currently has no tax examinations being conducted by federal or state agencies and all filings for income taxes are current. The Association believes its tax account procedures are all within the guidelines of the tax codes and regulations and meet the “more-likely-than-not” threshold of being sustained upon examination. As of December 31, 2010, tax years 2007 and subsequent were still within the prescription period for examination by taxing authorities.

SUPPLEMENTARY DATA

The Louisiana Forestry Association
Schedule of Revenues and Support
For the Year Ended December 31, 2010

	<u>2010</u>		2009	
	Unrestricted	Temporarily Restricted	Total	Summarized Total
Membership dues	\$ 383,025	\$ -	\$ 383,025	\$ 383,086
Annual meeting	136,194	-	136,194	118,095
Programs				
Project Learning Tree and Teachers Tour	4,888	43,077	47,965	63,757
Donated services, materials and other	-	36,523	36,523	336,221
Lower MS Watershed Project Grant	-	21,780	21,780	25,085
WFUI Grant	-	36,667	36,667	204,961
Forest Awareness and other	<u>131</u>	<u>6,625</u>	<u>6,756</u>	<u>5,502</u>
Total	5,019	144,672	149,691	635,526
Tree farm	21,956	5,000	26,956	18,072
Public information	-	5,421	5,421	5,106
<i>Forests & People</i> magazine				
Non-member subscriptions	762	-	762	728
Advertising income	<u>46,819</u>	<u>-</u>	<u>46,819</u>	<u>49,851</u>
Total	47,581	-	47,581	50,579
Legislative	-	6,750	6,750	4,500
Other Revenue and Support				
Investment income	3,911	-	3,911	8,355
Unrealized gain (loss) on investment	27,099	-	27,099	54,218
Executive meetings	-	8,699	8,699	7,674
Other revenue	<u>14,053</u>	<u>-</u>	<u>14,053</u>	<u>4,032</u>
Total	45,063	8,699	53,762	74,279
Sustained Forestry Initiative	110,072	-	110,072	118,165
Logging Council	<u>44,902</u>	<u>-</u>	<u>44,902</u>	<u>44,815</u>
Total Revenues and Support	<u>\$ 793,812</u>	<u>\$ 170,542</u>	<u>\$ 964,354</u>	<u>\$ 1,452,223</u>

The Louisiana Forestry Association
Schedule of Expenses
For the Year Ended December 31, 2010

	<u>2010</u>	2009 <u>Summarized</u> <u>Total</u>
Annual Meeting		
Annual meeting expenses	\$ 107,951	\$ 87,766
Fringe benefits	8,671	8,498
Payroll taxes	2,932	2,917
Postage	3,223	2,878
Salaries	38,038	38,010
Travel	403	780
Total	161,218	140,849
Programs		
Computer expense	168	-
Fringe benefits	7,588	7,436
Lower MS Watershed Project	21,783	22,585
WFUI Grant Expenses	37,000	509,644
Payroll taxes	2,932	2,917
Postage	400	600
Project Learning Tree and Teachers Tour	83,361	60,454
Salaries	35,112	35,086
PLT Energy & Society Grant	10,000	-
Special projects & Forest Awareness Week	8,763	5,523
Travel	375	-
Total	207,482	644,245
Tree Farm		
Fringe benefits	4,336	4,249
Payroll taxes	2,255	2,244
Postage	990	700
Salaries	32,186	32,162
Telephone	455	440
Travel	2,349	2,508
Tree farm expenses	14,107	9,578
Total	56,678	51,881
Public Information		
Fringe benefits	6,543	4,912
Payroll taxes	1,579	1,439
Postage	9,450	8,533
Printing and photography	3,323	3,722
Public information	3,129	4,927
Salaries	23,408	23,391
Travel	777	473
Total	48,209	47,397

The Louisiana Forestry Association
Schedule of Expenses
For the Year Ended December 31, 2010

Forests & People Magazine

Equipment Rental	-	1,212
Fringe benefits	7,046	7,130
Miscellaneous	1,483	2,231
Payroll taxes	2,706	2,466
Postage	9,592	10,134
Printing and photography	31,199	30,733
Salaries	35,112	39,717
Telephone	455	440
Travel	1,357	1,194
Total	88,950	95,257

Legislative Expenses

Education and information	5,044	7,559
Fringe benefits	5,922	7,643
Payroll taxes	2,481	2,261
Postage	450	400
Salaries	29,260	29,238
Travel	-	1,776
Telephone	747	736
Total	43,904	49,613

Sustained Forestry Initiative

Computer and website expense	840	286
Equipment maintenance	3,052	1,905
Fringe benefits	2,710	2,995
Meeting	-	70
Office supplies and postage	4,708	4,253
Outreach	23,476	33,325
Payroll taxes	4,060	3,700
Program and materials	28,968	33,087
Salaries	55,595	50,922
Telephone	2,047	2,075
Travel	7,573	5,419
Total	133,029	138,037

The Louisiana Forestry Association
Schedule of Expenses
For the Year Ended December 31, 2010

Logging Council		
Area concept	-	465
Awards and memorials	246	474
Equipment maintenance	568	348
Meetings	2,607	1,104
Miscellaneous	4,346	4,425
Office supplies and dues	5,104	4,916
Postage	5,580	3,349
Printing and photography	12,235	12,788
Special projects and MLC program	13,464	12,511
Telephone	1,118	982
Travel	<u>8,072</u>	<u>10,662</u>
Total	53,340	52,024
Management, General and Membership Development		
Area concept	2,790	4,012
Awards and memorials	2,814	1,836
Bad debts	-	429
Bank and credit card charges	3,658	4,506
Computer expenses	5,646	3,915
Depreciation	24,640	25,090
Dues and subscriptions	3,965	4,357
Equipment rent	4,734	2,073
Executive and other meetings	13,358	13,267
Fringe benefits	11,381	12,720
Insurance	10,499	9,741
Janitor and lawn maintenance	5,611	5,917
Maintenance and repairs	2,485	1,390
Miscellaneous	3,675	2,372
Office supplies	10,088	7,909
Payroll taxes	3,609	3,289
Postage	7,065	9,513
Printing and photography	423	409
Professional services	2,517	6,956
Salaries	49,201	44,017
Telephone	1,823	1,771
Travel and entertainment	20,925	15,129
Utilities	<u>5,462</u>	<u>5,535</u>
Total	<u>196,369</u>	<u>186,153</u>
Total Expenses	<u>\$ 989,179</u>	<u>\$ 1,405,456</u>